

**GALLATIN RIVER  
COMMUNICATIONS**

David O. Rudd  
Legal Department

625 S. Second St., Suite 103-D  
Springfield, IL 62704  
Telephone: 217/744-2420  
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**SENT VIA TELEFAX AND CERTIFIED LETTER**

Michael Shuler  
CEO, BitWise Communications  
Inc. d/b/a OmniLEC  
331 Fulton Ste 300  
Peoria IL 61602

May 9, 2007

**Re: Default: ICA Cancellation**

Dear Mr. Schuler:

On behalf of Gallatin River Communications, L.L.C. (GRC) and pursuant to section 11, page 8 (Default) of the Interconnection Agreement (ICA) between GRC and Bitwise, this letter is to provide 30 day notification that GRC is cancelling your ICA with GRC, effective June 18, 2007, and terminating the provision of services thereunder.

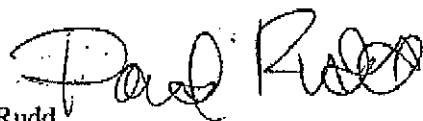
Gallatin is taking this action because;

- There is an egregious and long history of late payment coupled with consistently large outstanding balances since January 2006, which is documented by the attached "Bitwise Payment History" spread sheet. These high outstanding balances have been as high as approximately \$40,000 to the current \$28,000.
- On March 7, 2007, in response to the flagrant poor payment history and high outstanding balances, GRC sent a Deposit request letter, which thus far has been ignored by Bitwise. A copy of that March letter is attached.
- Prior efforts to "work with" Bitwise to collect past due and outstanding balances have required substantial resources of GRC, to the extent that GRC not only sends written notices via US mail to Bitwise, but also sends e-mails and makes phone calls to expedite payment arrangements. Further, as can be seen from the payment history, these efforts have had "mixed" results.
- The accumulation of large outstanding balances by Bitwise is unfair to GRC's other customers, which are not afforded the same accommodation of high balances and consistent late payment.

- Bitwise is unfairly benefiting from extended credit from GRC, which causes GRC to seek funds temporarily to cover the late payments by Bitwise.

Recently, in an attempt to garner more extended credit, Bitwise has used the excuse that supposed Reciprocal Compensation payments to it from GRC should offset the bulk of its past due and outstanding balances. However, this has not been adequately qualified or quantified and even if it were, GRC is under no obligation to "net out" charges and payments between itself and other entities. It is with regret that GRC feels it is forced into this action, which can be avoided by Bitwise paying its bills on time (and as done by the vast majority of GRC's other customers) and by Bitwise rendering the required deposit to GRC within the next 10 days.

Sincerely,



David O. Rudd  
Gallatin River Communications L.L.C.  
[dorudd@aol.com](mailto:dorudd@aol.com)

cc: John Hester  
James Zolnierak  
Jonathan S. Marashlian, Esq.

From page 8, section 11 of GRC-Bitwise ICA - 10-03-06;

#### 11. Default

If either Party ("Defaulting Party") fails to make a payment required by this Agreement (including, but not limited to, any payment required by Section 8.3 of undisputed amounts to the billing Party) or materially breaches any other material provision of this Agreement, and such failure or breach continues unabated, uncured and undisputed for thirty (30) days after written notice thereof from the other Party, the other Party may, by written notice to the Defaulting Party, (a) suspend the provision of any or all Services hereunder, or (b) cancel this Agreement and terminate the provision of all Services hereunder. GRC shall notify the Commission of an impending discontinuance and will assist affected customers with finding new carriers consistent with its duties under Illinois law.

**COPY**

March 7, 2007

Mr. Mike Schuler, CEO  
OmniLEC and Bitwise Communications, Inc.  
682 High Point Lane  
East Peoria, IL 61611

**Re: Assurance of Payment pursuant to Section 5 of the ICA for Accounts**

Please be advised that review of the OmniLEC and Bitwise Communications, Inc. (Bitwise) payment record to Gallatin River Communications (Gallatin) reflects a history of 14 consecutive late payments, the most recent of which was mailed to Bitwise on March 7, 2007. Therefore, Bitwise's consistent late payment history has prompted Gallatin to invoke Section 5 of the Interconnection agreement (ICA), between our companies.

Accordingly, and in concert with section 5.0 thru section 5.9 of the ICA, Gallatin hereby formally notifies Bitwise that it requires that Bitwise obtain an Irrevocable Letter of Credit in an amount equal to two months anticipated charges naming Gallatin as beneficiary from a financial institution acceptable to Gallatin. Based on Gallatin's calculations, that letter of credit shall be in the amount of \$22,000 (twenty two thousand).

Also, pursuant to section 5.3, please immediately provide to Gallatin a list of Illinois financial institutions that are willing to provide the Letter of Credit for Gallatin's review and acceptance.

Should Gallatin be required to draw on the Letter of Credit, pursuant to section 5.7 of the ICA, Bitwise will be required to immediately credit to the level before the draw. In the interim of receiving the Letter of Credit, or of Draw requirement by Gallatin (section 5.7) Gallatin reserves the right (section 5.8) to deny performance to Bitwise.

Attached is an excerpt from section 5 of the Gallatin-Bitwise ICA that specifies "Assurance of Payment".

Sincerely,

A handwritten signature in dark ink, appearing to read "Fred Miri", written over a horizontal line.

Fred Miri, President  
Gallatin River Communications, LLC

CC: Steve Murray  
David Ridd

FM/km

## **5. Assurance of Payment**

- 5.1 Upon request by GRC, CLEC shall, at any time and from time to time, provide to GRC adequate assurance of payment of amounts due (or to become due) to GRC hereunder.
- 5.2 Assurance of payment of charges may be requested by GRC if CLEC (a) prior to the Effective Date, has failed to timely pay a bill rendered to CLEC by GRC or its Affiliates, (b) on or after the Effective Date, fails to timely pay a bill rendered to CLEC by GRC or its Affiliates, or (c) admits its inability to pay its debts as such debts become due, has commenced a voluntary case (or has had a case commenced against it) under the U.S. Bankruptcy Code or any other law relating to bankruptcy, insolvency, reorganization, winding-up, composition or adjustment of debts or the like, has made an assignment for the benefit of creditors or is subject to a receivership or similar proceeding.
- 5.3 Unless otherwise agreed by the Parties, the assurance of payment shall consist of an unconditional, irrevocable standby letter of credit naming GRC as the beneficiary thereof and otherwise in form and substance satisfactory to GRC from a financial institution acceptable to GRC. The letter of credit shall be in an amount equal to two (2) months anticipated charges (including, but not limited to, both recurring and non-recurring charges), as reasonably determined by GRC, for the Services to be provided by GRC to CLEC in connection with this Agreement. If CLEC meets the condition in subsection 5.2 (c) above or has failed to timely pay two or more bills rendered by GRC or a GRC Affiliate in any twelve (12)-month period, GRC may, at its option, demand (and CLEC shall provide) additional assurance of payment, consisting of monthly advanced payments of estimated charges as reasonably determined by GRC, with appropriate true-up against actual billed charges no more frequently than once per calendar quarter.
- 5.4 [Intentionally Left Blank].
- 5.5 [Intentionally Left Blank].
- 5.6 GRC may (but is not obligated to) draw on the letter of credit upon notice to CLEC in respect of any amounts to be paid by CLEC hereunder that are not paid within thirty (30) days of the date that payment of such amounts is required by this Agreement.
- 5.7 If GRC draws on the letter of credit, upon request by GRC, CLEC shall provide a replacement or supplemental letter of credit conforming to the requirements of Section Error! Reference source not found..
- 5.8 Notwithstanding anything else set forth in this Agreement, if GRC makes a request for assurance of payment in accordance with the terms of this Section, then GRC shall have no obligation thereafter to perform under this Agreement until such time as CLEC has provided GRC with such assurance of payment.
- 5.9 The fact that a letter of credit is requested by GRC hereunder shall in no way relieve CLEC from compliance with the requirements of this Agreement (including, but not limited to, any applicable Tariffs) as to advance payments and payment for Services, nor constitute a waiver or modification of the terms herein pertaining to the discontinuance of Services for nonpayment of any amounts payment of which is required by this Agreement.

Date	Invoice	Payment	Adjustments	Balance	
11/26/2005				\$ 3,637.91	Bal. Brought over from
12/16/2005			\$ 47.22	\$ 3,490.69	EUR collo Inst. Chg
12/26/2005	\$ 2,109.61			\$ 5,600.30	
1/25/2006	\$ 5,236.43			\$ 10,836.46	
1/27/2006		\$ 3,537.91		\$ 7,298.55	
2/9/2006		\$ 2,062.39		\$ 5,236.16	
2/25/2006	\$ 4,464.50			\$ 9,700.66	
3/10/2006		\$ 4,968.12		\$ 4,732.54	
3/22/2006			\$ 25.15	\$ 4,707.39	adj. Con. Chg overchg
3/22/2006			\$ 25.15	\$ 4,682.24	adj. Con. Chg overchg
3/25/2006	\$ 4,909.48			\$ 9,591.72	
4/18/2006			\$ 621.69	\$ 8,970.13	adj. Taxes FUSC
4/18/2006			\$ 1,291.12	\$ 7,679.01	adj. Taxes IL State
4/18/2006			\$ 53.57	\$ 7,625.44	adj. Taxes IMF
4/18/2006			\$ 4.62	\$ 7,620.82	adj. Taxes FUC
4/25/2006	\$ 10,659.45			\$ 18,280.27	
4/26/2006		\$ 2,500.00		\$ 15,780.27	
5/9/2006		\$ 5,120.82		\$ 10,659.45	
5/25/2006	\$ 7,883.80			\$ 18,543.25	
6/20/2006		\$ 7,103.10		\$ 11,440.15	
6/20/2006		\$ 8,201.20		\$ 3,238.95	
6/22/2006		\$ 114.31		\$ 3,124.64	
6/23/2006			\$ 399.40	\$ 3,524.04	adj. Taxes FUSC
6/23/2006			\$ 35.89	\$ 3,559.93	adj. Taxes IL Sales
6/23/2006			\$ 979.05	\$ 4,538.99	adj. Taxes State
6/23/2006				\$ 41,710.58	
6/25/2006	\$ 7,171.69			\$ 5,361.99	
7/20/2006		\$ 6,348.99		\$ 14,686.84	
7/25/2006	\$ 9,325.15			\$ 6,414.82	
8/21/2006		\$ 8,272.02		\$ 17,459.04	
8/25/2006	\$ 11,044.22			\$ 27,936.38	
9/25/2006	\$ 10,477.34			\$ 18,548.95	
9/29/2006		\$ 9,387.43		\$ 10,548.95	
10/19/2006		\$ 8,000.00			

10/25/2006	\$ 9,885.36			\$ 20,434.31	
11/25/2006	\$ 11,739.24			\$ 32,173.73	
12/25/2006	\$ 11,531.82			\$ 43,705.55	
1/16/2007			\$ 10,410.37	\$ 33,295.18	adj. DS1 dispute
1/19/2007		\$ 8,000.00		\$ 25,295.18	
1/19/2007		\$ 8,000.00		\$ 17,295.48	
1/19/2007		\$ 8,000.00		\$ 9,295.18	
1/25/2007	\$ 9,889.42			\$ 19,184.60	
2/25/2007	\$ 11,048.28			\$ 30,232.88	
3/8/2007		\$ 8,000.00		\$ 22,232.88	
3/21/2007			\$ 1,496.00	\$ 20,736.88	adj. DS1 dispute for Dec
3/22/2007		\$ 10,760.51		\$ 9,976.37	
3/25/2007	\$ 9,776.72			\$ 19,753.09	
4/25/2007	\$ 8,813.38			\$ 28,366.47	